

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**HB 1893**

March 19, 2009

**SUMMARY OF BILL:** Requires the current three-eighths apportionment of Hall Income Tax (HIT) revenue presently received by municipalities and counties to be reapportioned to counties exclusively.

**ESTIMATED FISCAL IMPACT:**

**Other Fiscal Impact – A shift of approximately \$50,856,400 from municipalities to counties each year.**

Assumptions:

- Current law distributes five-eighths (62.5 percent) of all HIT revenue to the state's general fund; the remaining three-eighths (37.5 percent) is apportioned to municipalities and counties.
- According to the Department of Revenue, counties received \$22,457,071 in FY07-08; municipalities received \$76,788,552 in FY07-08. Therefore, the total amount of HIT revenue apportioned to municipalities and counties in FY07-08 was \$99,245,623 (\$22,457,071 + \$76,788,552 = \$99,245,623).
- Municipalities are estimated to receive 77.4 percent of the total local government apportionment (\$76,788,552 / \$99,245,623 = 77.4%).
- According to Fiscal Review Committee estimates submitted to the State Funding Board in December 2008, HIT collections are projected to be \$175,216,000 for FY08-09.
- HIT collections remain constant in subsequent years.
- The share of HIT revenue that municipalities would receive under current law is estimated to be \$50,856,400 per year  $[(\$175,216,000 \times 37.5\%) \times 77.4\% = \$50,856,444]$ . Therefore, a shift of approximately \$50,856,400 from municipalities to counties each year.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is written in a cursive style with a large initial "J" and a distinct "W".

James W. White, Executive Director

/rnc